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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

February 25, 2013

CERTIFIED RETURN RECEIPT  
7011 0110 0001 3568 0857

Russ Henry and Althea Crapo  
The Bug House  
350 East 300 South  
P.O. Box 1113  
Delta, Utah 84624

Subject: Review of Reclamation Surety, The Bug House, Treasure Chest Mine, S/023/0028, Juab County, Utah

Dear Ms. Crapo and Mr. Henry:

This letter is to confirm the conversation between Russ Henry and Wayne Western of the Division of Oil, Gas and Mining on February 14, 2013. A payment toward the reclamation surety in the amount of \$2900.00 was due December 31, 2012. Mr. Henry stated that he was waiting to deposit the money in the certificate of deposit (CD) because it can only be done twice a year; however, the additional surety could be submitted in the form of a separate CD.

The surety amount is due for adjustment to account for changes in reclamation costs. The last surety estimate for the Treasure Chest mine was done in 2009 and escalated to 2012 dollars. Based on average reclamation costs, the surety amount needs to be increased from \$11,900.00 (after the payment of \$2900 is received) to either \$12,700.00 for a three-year escalation or \$13,000.00 for a five-year escalation. The average reclamation costs are outlined below:

#### Small Mining Operation 5 Acres or Less

Project Size (Acres)	Surety 3 & 5 year escalation 2012	Comments
1 or less acres	\$7,900 (3-year escalation) \$8,100 (5-year escalation)	\$7,900 (3-year escalation) \$8,100 (5-year escalation)

Additional acres up to 5 total acres	\$4,800/ acre (3-year escalation) \$4,900/acre (5-year escalation)	\$4,800/ acre (3-year escalation) \$4,900/acre (5-year escalation)
Total 3 years		\$12,700.00
Total 5 years		\$13,000.00

Please contact the bond coordinator, Penny Berry, at 801-538-5291 or by e mail at [bondcoordinator@utah.gov](mailto:bondcoordinator@utah.gov) for information about submitting the additional surety. Your current reclamation surety is in the form of a CD. You may increase the amount in the CD, or, as discussed above, you may submit an additional CD. You could also submit cash, a letter of credit, or a surety bond for either the increased or the total amount. Bonding forms are available on the Internet at <http://www.ogm.utah.gov/minerals/MINERALSFORMS.htm>.

Under the terms of your Notice of Intention to Commence Small Mining Operations (Notice) you are allowed to disturb no more than two acres. If you want to increase the disturbance you will either need to increase the surety or reclaim areas that are currently disturbed.

The Notice needs to be updated. For the past several years the Division has been using a form that was originally submitted to the BLM, but it does not contain the information required by rule. Enclosed is a copy of the form that needs to be completed.

**Please provide the additional surety and the updated permit forms no later than May 10, 2013.**

Thank you for your help in keeping the surety and Notice current. Please contact Wayne Western at 801-538-5263 or me at 801-538-5261 if you have questions or concerns about this letter.

Sincerely,



Paul B. Baker  
Mining Program Manager